SBIR GUIDE: U.S. DEPARTMENT OF EDUCATION

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This guide is for potential applicants to the U.S. Department of Education (DoED) Small Business Innovation Research (SBIR) program. The document identifies unique aspects of the DoED SBIR program, describes the nature of its topics, and links readers to additional agency resources. When used in conjunction with MTIP's Profile of a Good Candidate, this guide will help prospective applicants determine quickly whether to pursue funding under the DoED SBIR program and how best to approach a proposal.

THE SBIR/STTR PROGRAMS

The federal Small Business Innovation Research (SBIR) program is a source of early-stage R&D seed capital for small, tech-based U.S. companies. Through 11 different participating agencies, this program offers grants or contracts to support serious R&D and commercialization of technologies of interest both to the government and to the company.

SBIR funding does not have to be matched or repaid by the small business. The award monies can be used to fund most costs associated with the R&D project and up to 7% profit. The company maintains ownership of any new intellectual property, and the government retains certain rights to use the technology.

SBIR is a three-phase program. Phase I is to establish the technical and often commercial feasibility of the proposed technology. Phase I awards can be as high as $225,000, normally for a period of up to nine months. Phase II is to perform more in-depth R&D on the technology, typically developing and demonstrating a prototype. Phase II awards range as high as $1.5 million for a period of up to two years. The objective of Phase III is commercialization of the technology. This phase is non-funded, though some agencies offer extra assistance in the form commercialization support programs.

In SBIR Phase I, up to 33% of the direct plus indirect costs of the budget may go to outside consultants/subcontractors; in Phase II, this figure rises to 50%. In addition, for both Phase I and II, the Principal Investigator must be greater than 50% employed by the company from the time of contracting throughout the duration of the project.

Each of the 11 participating agencies operates its own version of the SBIR. Within any given agency, the rules and requirements frequently change from one solicitation to the next. Prospective applicants must monitor closely each targeted agency's solicitations.

Overall, agencies report that the chance of winning a Phase I award ranges from is ~7% to ~15%. Well-qualified Montana applicants can substantially improve these odds by working closely with the no-cost services offered by the Montana Technology Innovation Partnership (MTIP). If not currently enrolled for MTIP services, see the information box at the end of this Guide.

THE DoED SBIR PROGRAM

Two offices in the DoED offer SBIR programs, including the Institute of Education Sciences (IES) and the Office of Special Education and Rehabilitative Services/National Institute on Disability and Rehabiliatation Research (NIDRR). These offices typically are both represented in one annual competition though that can be subject to change. The Phase I program announcement is normally released in winter or early spring and closes about two months later. General DoED SBIR program information can be viewed at: http://www2.ed.gov/programs/sbir/index.html. Additional information and a link to the current announcement can be found at the IES site: http://ies.ed.gov/sbir/.

The DoED funds over $10M per year in SBIR projects. This program attracts educators nationwide and is highly competitive. Phase I feasibiity projects are presently funded for up to $150,000 for a work plan that lasts approximately 6 months. After completion of the Phase I stage, most of these businesses can compete for Phase II awards. Phase II awards up to $900k that can last up to 24 months. The Fast-Track mechanism is also available in some of the DoED solicitations. Fast-Track incorporates a submission and review process in which both Phase I and Phase II proposals are submitted and reviewed together. This process is only suitable for scientifically meritorious proposals that have a high potential for commercialization.

The DoED offices are highly focused on innovation. FAQ responses at the DoED website specify that patented or patent pending innovations will not be considered under its SBIR program. In a phase I under DoED IES, you must be able to describe the education problem your innovation will address, the intended product to be implemented, the intended outcome from using the product, and the theory of change for your proposed product (exactly how it will lead to the desired student or teacher outcomes). The phase I proposal must include one letter of agreement from an education setting for participation in the research.

IDENTIFYING AN APPROPRIATE TOPIC

DoED topics typically seek development of commercially viable education technology products designed to improve student learning in education and special education settings. The product may be for use by students, teachers or other instructional personnel in education, including family members in early intervention or special education.

More focused priority interests are described in the Program Solicitation(s). For example, the DoED IES separated its 2013 opportunities into two solicitations. Education technology products (not in the form of games) were under one release, and the second release was oriented to the development and evaluation of education technology games in selected topic areas. A third solicitation opened at about the same time for NIDRR funding Phase I grant awards up to $75,000 to address specific topics on behalf of individuals with disabilities.

CONTACTING THE AGENCY

Applicants are strongly encouraged to communicate with the DoED Program Contact (PC) listed at the DOE IES website, http://ies.ed.gov/sbir/. The PC is permitted to address questions about the program or provide technical assistance related to project ideas. After the release of the annual solicitation, the PC is no longer available for such consultation.

A good way to approach the PC is by sending a 1-2 page write-up on the prospective project technology and scheduling a follow-up phone discussion. This write-up should begin with a clear, concise statement of the problem to be addressed and how that problem is presently being handled. Then describe the team and its credentials, the technology being proposed as a solution including an explicit statement of its innovation, and a brief explanation of the commercial potential. Be prepared with many questions to ask of the PC. This is not the time to provide a long-winded explanation of the company and its technology.

PREPARING/SUBMITTING THE PROPOSAL

The purpose of the proposal is to provide sufficient information to persuade reviewers that the proposed research offers a unique and sound approach to addressing the need expressed in the DoED announcement. The proposal should be written at a level of quality suitable for publication. Following are general recommendations for ways in which applicants can enhance their chances for success:

- **Start early.** Many aspects of the proposal can be planned and even drafted well before the DoED ever releases its announcement. DoED still accepts printed proposals. However, it is strongly advisable to get in the habit of making submissions via www.grants.gov. It can take weeks to get fully registered at this submission site and it should be initiated well in advance. Also, valuable insights can be gained from reviewing past award abstracts and the websites of the successful applicants. DoED posts these past Phase I and Phase II awards at: http://www2.ed.gov/programs/sbir/awards.html.
- **Read the entire solicitation.** Retrieve the program solicitation as soon as it is available and determine if your technology is a fit with the topic guidelines. One person on the proposal team must be responsible for

reading the instructions thoroughly, highlighting all the major and minor requirements, and initiating a proposal template.

- **Develop a project plan that envisions both the Phase I and the Phase II R&D activities.** Sharpen the proposed Phase I objectives and outline a technical work plan. Review these pieces to determine whether the project matches well with the topic and agency guidelines. Give careful consideration to selection of the project investigators, including consultants and/or subcontractors. There needs to be well-credentialed expertise on the project team for every aspect of the work being proposed. Conduct a team meeting to get full buy-in on the work plan AND on the proposal-writing plan. Develop a schedule and assign responsibilities for completion of the proposal. Immediately start the process of collecting team Curriculum Vitae and any required letters of support.
- **Obtain an outside, third-party review by MTIP.** Regardless of the proposal author's experience with proposal writing, this step helps ensure that the proposal is fully responsive to the instructions. Even the most experienced authors have a tendency to get "off point" as they work through the details and editing process. An outside eye can catch the drift and proposal non-compliance to solicitation requirements. A reviewer knowledgeable about the DoED SBIR program will invariably identify meaningful ways in which to enhance both the presentation and the content of the proposal. There is strong evidence that involving MTIP in the proposal-preparation process significantly improves the chance of funding.
- **Submit early.** In pre-planning the project and proposal, applicants should plan to submit their proposals at least two days prior to the final due date. Early submission avoids the possibility of server overload, which has hampered agencies in the past. It also gives applicants ample time to resolve any problems that arise during the electronic submission process.

READY FOR THE NEXT STEP?

This agency-specific SBIR guide has been prepared by the Montana Technology Innovation Partnership (MTIP) and does not imply endorsement from the U.S. Department of Education. A program of the Montana Department of Commerce, MTIP provides free coaching to Montana technology-based companies seeking help in applying to federal and state R&D and commercialization funding programs. For more information, contact the MTIP Program Manager at (406) 841-2749 or visit MTIP's website at www.mtip.mt.gov.